

Domestic Market

- Cotton production this year would be around 37.5 million bales according to Cotton advisory board (CAB) estimates.
- Farmers are planning to revert back to the indigenous varieties from the BT or genetically modified cotton, complaining about its efficacy.
- Area under cotton production this year has declined to 11.5 million hectares, whereas it was 11.9 million hectares last year.
- Yield of cotton during this season (2013-14) has been estimated around 520 kg. per hectares whereas it was 489 kg. per hectare last season.
- Recent rains in Andhra Pradesh has damages around 3.08 lakh hectares of cotton crop.
- Agriculture minister, Sharad Pawar along with a group of minister (GoM) has rejected the textile ministry proposal of imposing duty of 10% on export of cotton beyond a declared exportable surplus.
- **Weekly Outlook:** Prices ruled lower amid good production prospects this season, but are likely to notice firm tone after Diwali as demands are about to revive.

International Market

- Cotton imports in China are likely to decline by 20%, as reported by market participants.
- According to the USDA estimates, global production is expected to decline, majorly because of fall in production in China and USA.
- Major exporters this year would be United States, India and Australia followed by Uzbekistan, Brazil and Mali as per USDA estimates.
- International Prices during the initial two month of season (Aug-Jul) remained higher compared to initial months of last two year.
- Fall in prices due to decline in import from china would be compensated slightly by the global production deficit, which would maintain the international prices at moderate to higher level.

Cotton Prices at Key Spot Market:

Centre	Variety	Prices (Rs/Qtl)		Change %
		1-Nov-13	25-Oct-13	
Amravati	Mech-1	4400	4200	4.76
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	5100	5000	2.00
Muktsar	B.T. Cotton	5300	5250	0.95
Patan	B.T. Cotton	Closed	5255	-
Rajkot	B.T. Cotton	5050	5150	-1.94
Fazilika*	B.T. Cotton(Narma)	5210	5200	0.19
Bhiwani	B.T. Cotton	4500	4470	0.67
Bhiwani*	B.T. Cotton	5400	5400	Unch
Sirsa	B.T. Cotton	4425	4450	-0.56
Ahmedabad	Shankar-6	4900	5000	-2.00
Gondal	Shankar-6	5105	5250	-2.76
Sri-Ganganagar	J-34	4400	4560	-3.51
Abohar*	J-34	4500	4630	-2.81
Muktsar	J-34	4500	4550	-1.10
Fazilika*	J-34	4550	4650	-2.15
Bhatinda	J-34	4590	4560	0.66
Mansa	J-34	4500	4550	-1.10

* New Crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		1-Nov-13	25-Oct-13	
Amravati	Mech-1	26500	14500	82.76
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	175000	112000	56.25
Muktsar	B.T. Cotton	No Arrival	No Arrival	-
Patan	B.T. Cotton	74560	76078	-2.00
Rajkot	B.T. Cotton	33600	40700	-17.44
Fazilika*	B.T. Cotton	10000	8100	23.46
Bhiwani*	B.T. Cotton	14500	12200	18.85
Sirsa	B.T. Cotton	5400	5700	-5.26
Ahmedabad	Shankar-6	104000	149300	-30.34
Gondal	Shankar-6	15381	25379	-39.39
Sri-Ganganagar	J-34	9500	10200	-6.86
Abohar*	J-34	10132	9180	10.37
Muktsar	J-34	2380	2550	-6.67
Bhatinda	J-34	144500	21250	85.29
Mansa	J-34	3910	6120	-36.11

* New Crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				31-Oct-13	24-Oct-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40300	37100	8.63
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	38000	8.95
J-34(202)	26mm	3.5 - 4.9	23	NQ	NQ	--
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40700	42300	-3.78
Shankar-6(105)	29mm	3.5 - 4.9	28	41000	42500	-3.53
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41900	43800	-4.34
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42400	NQ	--
DCH-32(107)	34mm	3.0 - 3.8	33	53000	56000	-5.36

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness bearish to sideways momentum in coming days.

State Wise Comparisons (in Rs/Qtl)

State	Prices November, 2013	Prices October, 2013	Prices November, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4245.39	4508.9	3884.7	-5.84	9.28
Gujarat	4938.85	4633.2	4187.52	6.6	17.94
Haryana	5298.09	5053.22	4397.54	4.85	20.48
Karnataka		4792.02	4101.42	—	—
Madhya Pradesh	4100	4719.56	4089.82	-13.13	0.25
Maharashtra		4407.42	3992.22	—	—
Orissa		4030.3	3871.3	—	—
Pondicherry			2229	—	—
Punjab	5328.75	4733.5	4264.08	12.58	24.97
Rajasthan	5124.51	5086.22	4601.95	0.75	11.36
Tamil Nadu	4506.92	4550.41	4960.44	-0.96	-9.14
Uttar Pradesh		4639.9	4618.6	—	—
Uttarakhand		10357		—	—
Average	4791.79	5125.97	4099.88		

*Report Generation: As per the data reported by APMCs

(Source: Agmarket)

Cotton Export and Import:

Cotton Exports

Cotton Exports(In Lakh Bales)		
Month	2011-12	2012-13
Oct	16.41	2.29
Nov	18.37	7.68
Dec	12.92	15.83
Jan	19.71	19.71
Feb	23.30	20.67
Mar	3.57	13.07
Apr	13.26	2.50
May	7.90	2.58
Jun	4.99	3.01
Jul	5.14	2.06
Aug	0.48	2.5
Sep	0.61	1.22
Total	126.65	93.12

Cotton Imports

Cotton Imports(In Lakh Bales)		
Month	2011-12	2012-13
Oct	0.05	3.30
Nov	0.14	1.98
Dec	0.06	0.88
Jan	0.26	0.63
Feb	0.80	0.56
Mar	1.20	0.55
Apr	0.93	0.76
May	0.79	0.80
Jun	0.34	0.05
Jul	0.28	1.1
Aug	0.63	1.01
Sep	1.98	0.99
Total	7.45	12.61

Export Break-Up by Major Countries in Month of September-2013

Country	Quantity (In Lakh Bales)
Bangladesh	0.74
China	0.17
Pakistan	0.08
Hong Kong	0.06
Vietnam	0.04

(Source: IBIS)

Import Break-Up by Major Countries in Month of September-2013

Country	Quantity (In Lakh Bales)
Pakistan	0.238
Mali	0.149

(Source: IBIS)

International Prices

World Monthly average Cotlook A Index (FE) in US Cent per pound		
Month	2012-13	2013-14
August	84.4	92.58
September	84.15	90.09
October	82.17	89.49
November	80.87	
December	83.37	
January	85.51	
February	89.71	
March	94.45	
April	94.94	
May	94.92	
June	93.35	
July	92.62	

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	01/11/2013	01/10/2013	01/11/2012	% Month change	%Y-o-Y change
Oct-13	33758.55	37448.27	33264.82051	-9.85	1.48
Dec-13	33714.46	38175.64	33555.77	-11.69	0.47
Mar-14	35001.68	38083.06	0.00	-8.09	
May-14	35270.58	38061.02	0.00	-7.33	
July-14	33829.08	37867.06	0.00	-10.66	
Oct-14	33727.69	35949.46	0.00	-6.18	

*PRICE UNIT-Rs/Candy (1Candy=356kg)

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



- NCDEX April contract closed lower due to expectation of fairly good production this year.
- Price range during the week was Rs 958-987 (per 20 kg.)
- Immediate support could be seen at 955 which could further slide down to 950.
- Resistance would 980 which could move up to 990

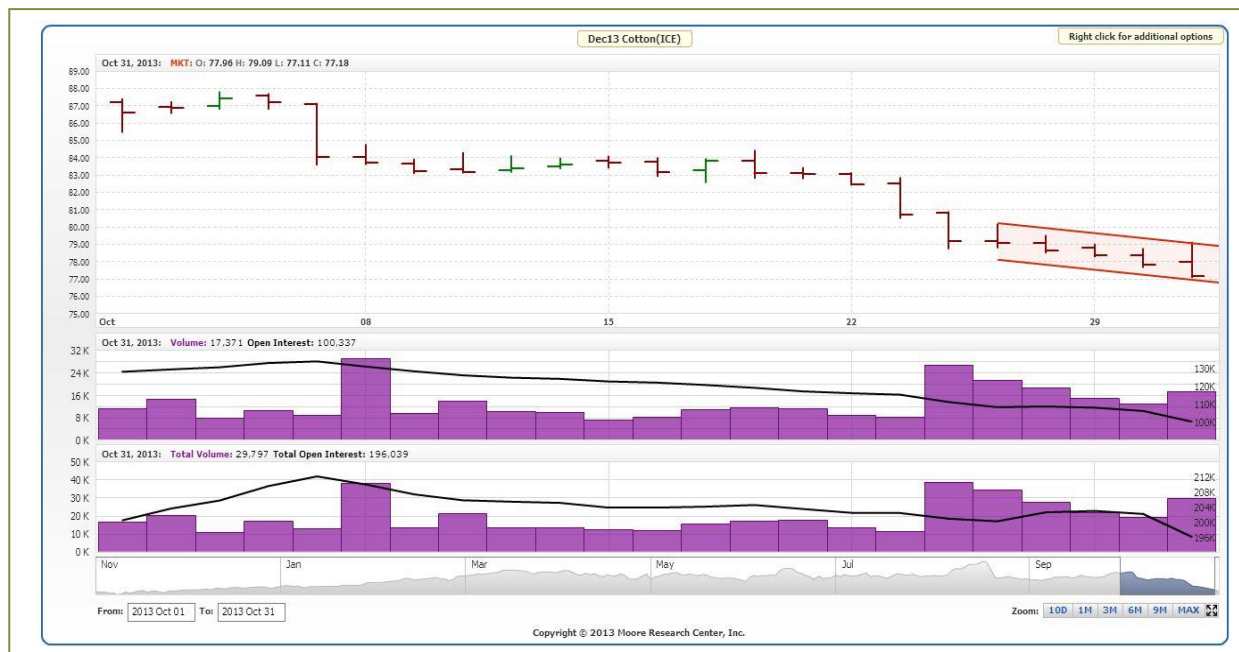
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
950	955	980	990

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	950-990	Bearish to sideways Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis



- ICE October 2013 future contract closed lower.
- Prices ranged 77-80 during the week.
- Immediate support level is at 76 which could further move down to 75.
- We expect price to rule bearish.

Support 2	Support 1	Resistance 1	Resistance 2
75	76	79	80

All in cents/pound

Source: MRCI

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